

FY15 Southside Economic Development

Committee Recommendations – May 2015

The Commission received eight new funding requests in April for the available Southside Economic Development balances (FY15 budget plus funds carried forward from previous years). Project summaries provided by the applicants and staff comments are included below for these new requests. The Committee met on May 12 in Rocky Mount to consider these proposals and made the following funding recommendations to be acted on by the Commission on May 21.

Request #	Locality	Organization	Project Title	Allocation Available	Requested Amount	Committee Recommendations
3038	Brunswick	Roanoke River Rails to Trails	Lawrenceville Corridor Acquisition Project	3,160,616	285,960	285,960
3037	Danville	City of Danville	Project Transport	1,840,693	960,000	960,000
3043	Dinwiddie	Industrial Development Auth. of Dinwiddie County	Dinwiddie Airport Industrial Park Site Readiness	\$1,951,073	1,000,000	1,000,000
3032	Halifax	Halifax IDA	Project Roy: New Industrial Prospect	1,182,219	1,000,000	1,000,000
3033	Henry	Henry County	Project Mercury	216,573	216,573	216,573
3035	Lunenburg	County of Lunenburg	Acquisition and Development New Industrial Park	1,017,027	555,000	555,000
3036		County of Lunenburg	Lunenburg Site Readiness II - Site Development		441,000	441,000

Total (8 requests/7 recommendations)

5,251,220

4,458,533

BRUNSWICK

Roanoke River Rails to Trails

Lawrenceville Corridor Acquisition Project (#3038)

\$285,960 Requested

Project Description Provided by Applicant:

Executive Summary: This project will result in the purchase of 44 acres of land that will be protected by a conservation easement and be used as a public trail and trail head park. The trail will be added to the recently constructed 17 mile portion of trail located between Lawrenceville and Brodnax and will connect to Lawrenceville's Sonny Wholey Memorial Park and Ball Field. The easement will limit use of the property to multi-use non-motorized trail along the former rail corridor and to a trail head facility on the former railroad yard for parking, picnicking, and historical display.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? Yes

Project Service Area: Brunswick; Mecklenburg

How will the localities in your project service area directly benefit from the proposed project?

This property will be used for a public trail and trail head which will be open year round from dawn to dusk. This area will provide a place for horse enthusiasts to park trailers and care for their animals. It will also provide a location for new businesses.

Economic Development Strategic Priority - This purchase will enable the extension of the Tobacco Heritage Trail to 19.6 miles from the current 17 miles in Brunswick County. The purchase will provide better access from downtown businesses and residences located along the trail.

Furthermore, the purchase of the former rail yard that is currently under a lease agreement, will enable the future development of a trail head park and picnic areas in addition to parking. The Turntable Park area is very visible and will provide trail users (tourists, residences on lunch breaks, and equestrian enthusiasts)

Problem, Opportunity or Need - The section of the Tobacco Heritage Trail (THT) currently in Lawrenceville is leased from the Railroad. If the lease were to end, a connection would not exist at the end of the Tobacco Heritage Trail near the Lawrenceville Water Plant to the downtown area of Lawrenceville. Turntable Park, an existing investment of the Tobacco Commission, and the area besides E.E. Vaughan's store, another park, would be disconnected from the THT. This acquisition will also result in the creation of nearly a mile of trail through the Town of Lawrenceville offering residents a safe environment to walk.

Proposed Solution - These funds will be used to purchase the property from Norfolk-Southern Railroad. The Town of Lawrenceville currently leases the property from the Railroad. Were the town to lose the lease, the Tobacco Heritage Trail would become disconnected. These funds will also benefit the region with more than one mile of new trail and give local businesses more foot traffic.

Potential Economic Impact - The grant project will result in the purchase of 44 acres to construct and renovate current trail facilities. This site will create a stronger tourism base for Lawrenceville and the adjoining Tobacco Heritage Trail as well as construct nearly two miles of new trail.

Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? N/A

Staff Comments: Grant funds are requested to support acquisition of 2.8 miles of linear trail segment including 1.0 miles of trail with 27.53 acres that is within the Town and includes a former rail yard property, and a 1.8 mile trail corridor in the County that connects to 17 miles of the existing Tobacco Heritage Trail. The tax assessed value of the former rail yard property including several buildings and the 1.0 trail segment is \$277K; and the 1.8 miles of trail based on 13 acres per mile at \$1611 per acre has an estimated value of \$37K, bringing the total assessed value of the property to over \$314K. A previous TICR grant of \$205,920 for the *Turntable Park & Outdoor Center* project provided funding for renovations to the Southern States property that is adjacent to the proposed rail yard acquisition, providing a restroom facility and updates to a primary building on the property that is intended to house trail related businesses. The main parcel that the Town of Lawrenceville and the Roanoke River Rails to Trails, Inc. has planned to market as the “Turntable Park” is the site of the historic Atlantic & Danville trail terminal and the neighboring rail yard. This site and the mentioned 2.8 miles of linear trail segment would be purchased with \$228,510 of the requested grant funds; \$7,450 of grant funds are allocated for legal/contractual costs related to the acquisition, and an additional \$50,000 toward trail construction. The RRRT has committed \$71,490 of Match funds toward the estimated \$300,000 costs for the property acquisition. The larger Turntable Park facility is intended to be a staging area for all trail users providing parking for vehicles and horse trailers, food and water, rest facilities, feed for horses, and picnic areas. The applicant clarified to staff that six other segments of the Tobacco Heritage Trail were previously acquired; and identified two additional segments that are expected to be purchased as funds are available. The source of funding for these earlier acquisitions were from line items in the state budget, and RRRT has clarified that they have not been able to obtain funding from the VDOT Enhancement / Transportation Alternative program or the Virginia Land Conservation Fund program to support costs for acquisition of Tobacco Heritage Trail properties. Staff has concerns that supporting this project will set a precedent and send a message on the availability of Commission funding to be used for future trail acquisition that might otherwise be acquired through donation of easements along the greater 159 mile Tobacco Heritage Trail that is planned. However, staff also recognizes the previous and significant efforts undertaken by RRRT and their partners over more than five years that were unsuccessful in obtaining this property by donation from Norfolk Southern; and the essential need for this property for fulfilling their vision for a major trail hub and park in Lawrenceville to bring tourism spending to the community.

Committee recommends award of \$285,960.

DANVILLE

City of Danville

Project Transport (#3037)

\$960,000 Requested

Project Description Provided by Applicant:

Executive Summary: The proposed investment for project transport was competitive with other locations in Alabama and Kansas and includes a proposed total of \$251 million in investments in two different industrial manufacturing lines. (\$172 million for line one and \$79 million for line two) The current plan to complete the proposed investment is December 31, 2018. This capital investment

would include new modern equipment for manufacturing uses which would compete for future investment with facilities around the world.

If you have selected Other as the strategy, please explain how your program supports the Commission's mission and strategic plan. The proposed investment in Machinery, Equipment, and Technology upgrades supports the Commission's mission of revitalizing tobacco-dependent communities by supporting industry initiatives and business innovation. Specifically the Commission's strategic plan explicitly states "the Commission must remain vigilant to satisfy the interests of larger, developed businesses that complement and enhance innovative developments.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? No

Economic Development Strategic Priority - This request for funding supports the Economic Development goal of attracting new industries and expanding existing industries by identifying resources that support the establishment of advanced manufacturing opportunities for Danville residents while simultaneously improving the industrial and commercial tax base for the City of Danville.

Problem, Opportunity or Need - The City of Danville has an identified need of finding and securing advanced manufacturing opportunities for its residents. This need was largely magnified by the loss of legacy industries including textile and tobacco in the region thus leaving large quantities of unskilled laborers. Job losses over the past ten years exceeded 10,000 mostly middle income level jobs. This problem has not helped City's desire to attract substantial newer advanced manufacturing industries.

Proposed Solution - This proposed project helps the workforce develop skills on modern machinery, equipment, and technology improving their skillsets and the overall workforce talent pool in the Danville region. Further this proposed project will increase the likelihood of Danville receiving new product lines being manufactured more efficiently and cost effectively within this community, which should spur additional future capital investment and job opportunities.

Potential Economic Impact - The impact of the proposed project would be directly affected by an increase in Machinery and Tools Tax to the City of Danville. The proposed \$251 million dollar impact will be detailed in next section. Additionally the potential economic impact will create a multiplier effect locally by supporting many contractors, tradesmen, and other contracted professionals that make their living through manufacturing development opportunities.

Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? N/A

Staff Comments: Note: the applicant has identified that this is a confidential prospect, and confirmed that the company named in the Virginia Business Case document included in the application is to remain confidential. The VEDP and the Governor's Office are working with this prospect and a substantial grant from the Virginia Investment Partnership Grant program is anticipated. The company expects to reach its target investment of \$251 million over a five-year period by December 2019. The request amount to the Commission is based on the TROF formula calculation for private capital investment only, as there are no net new jobs to be created.

Committee recommends award of \$960,000 of Southside grant funds to be transferred to TROF to be managed under a TROF-like performance agreement for the private capital investment.

DINWIDDIE

Industrial Development Authority of Dinwiddie County

Dinwiddie Airport Industrial Park Site Readiness (#3043)

\$1,000,000 Requested

Project Description Provided by Applicant:

Executive Summary: The requested funds will be used to create a pad/shovel ready site in the Dinwiddie Airport Industrial Park. The county is in the process of completing the site due diligence study. Having this site pad/shovel ready will ensure the County meets the requirements of Project Reserves.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? No

Economic Development Strategic Priority – The Airport Industrial Park has been a priority over the last year to develop the park into a ready to go site. The County has initiated the engineering due diligence for the site. Having approximately 20 acres of this site pad/shovel ready will allow the County to be more competitive with Project Reserves. This project would yield a quality development that would provide quality jobs for the citizens of Dinwiddie and the region.

Problem, Opportunity or Need - Development of the proposed industrial site would continue to build on Dinwiddie's strategy to position the county for continued industrial growth by developing industrial sites that are ready to go for development. This project would help attract advance manufacturing jobs that provide better paying jobs for the citizens of the county and region as a whole.

Proposed Solution - The engineering due diligence is anticipated to be completed by May 15, 2015. Funding for the pad/shovel ready portion of this project would help provide a more attractive and competitive site for development. Attracting a quality project with hundreds of high wage rate jobs would help in diversifying the tax base in the county and improving the quality of life for citizens.

Potential Economic Impact - This specific project has the potential of creating 426 jobs with wage rates well about the current prevailing wage rate. The capital investment is project to be \$90,000,000. Having a pad/shovel ready site will help Dinwiddie County have a site that is shovel ready to better compete for economic development projects.

Staff Comments: This request was late-filed on May 1 to accommodate an active economic development prospect. Dinwiddie is the only Virginia site now competing for this project. The County IDA is requesting \$1 million of the \$1.95 million currently available in the Dinwiddie allocation to support site development costs on a 50+/- acre property at the Airport East Industrial Park. The requested funding is part of the incentive package for a major advanced manufacturing prospect, Project Reserves, that is expected to create 426 new jobs and \$90 million private capital investment. The County IDA has contracted with Timmons for due diligence on the property which is expected to be available by May 15, and proposes this \$52,500 of A&E costs plus the estimated \$400,000 for acquisition of the property from the Airport Industrial Authority as their matching contribution to the project. Preliminary cost estimates for providing a 20 acre graded pad/shovel ready site is estimated at \$1 to \$1.3 million based on \$50K to \$65K per acre. Total cost estimates for full site preparation including final grading, stormwater management basin and controls, parking lots, sidewalks and drainage structures, and on-site water/sewer utility extensions are estimated at \$3 to \$3.5 million. TICR, the Governor's Office and VEDP are activity working on an incentive package that includes an estimated \$3 million from the GOF; and the project qualifies for a \$1,735,000 TROF incentive. While

the application identifies the \$1 million of Southside funding would be used for grading costs, the applicant has clarified the intension is for this funding to be combined with private capital investment under a single contract procured by the company for the full site preparation costs.

Committee recommends an award of \$1,000,000 to be transferred to TROF, and combined with the TROF incentive and performance agreement.

HALIFAX

Industrial Development Authority of Halifax County, Virginia

Project Roy: New Industrial Prospect (#3032)

\$1,000,000 Requested

Project Description Provided by Applicant:

Executive Summary: Project Roy is the codename for an existing overseas manufacturer seeking to establish its first US manufacturing location. Its product has a high demand in North America, requiring the hiring of 1,000 manufacturing workers and \$60M in net new capital investment.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? Yes

Project Service Area: Charlotte; Danville City; Halifax; Mecklenburg; Pittsylvania

How will the localities in your project service area directly benefit from the proposed project?

The 1,000 new manufacturing jobs required will be drawn from the surrounding region.

Economic Development Strategic Priority - This project goes beyond an economic strategy. It embodies the primary goal of all of the local, regional and state economic strategies - that being new employment and investment.

Problem, Opportunity or Need - Project Roy will significantly address the economic downturn suffered in Halifax and the surrounding region created by the National Tobacco Settlement and other outside forces. This downturn included the loss of thousands of manufacturing and agriculture jobs, and capital investment.

Proposed Solution - Project Roy will provide new employment for the skilled manufacturing workforce left unemployed or under-employed by the severe and negative economic changes suffered.

Potential Economic Impact - Specific facility improvements and expansion to the existing 34 acre site and 330,000sf main manufacturing building to meet the needs of Project Roy's operations.

To what extent has debt financing been considered for and committed to this project? Debt Financing would be made available for the \$3.5M (24% of Project costs) anticipated balance to complete all construction work

Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? N/A

Staff Comments: The IDA is proposing facility improvements and expansion to the existing 34 acre site and 330,000 square foot main manufacturing building at the Southern Virginia Advanced Manufacturing Center (formerly known as the Daystrom Building) on Green Folly Road in order to

meet the needs of a major economic development prospect. The applicant proposes that Southside grant funds would be combined with a \$4.2 million TROF request and \$3 million GOF request to support the \$9.25 million in Phase 1 construction costs to meet the needs of the prospect. The IDA has clarified the first priority use of the Southside funding will be to cover costs for meeting prospect needs for rail. Allowances for on-site and off-site rail are included in the construction estimate at \$984,000. The IDA expressed intentions to seek as much as \$450,000 in funding through the Rail Access Fund to support these costs with the balance coming from the Southside funding. Beyond the rail access, the next priority use of the grant funds will be to support costs for improvements to the loading docks estimated at \$305,250 and a portion of costs of building improvements estimated at \$1.2 million (these are items 5 and 6 in the construction scope of services). The Commission has previously awarded three Southside grants totaling \$5.23 million to support costs for acquisition and renovations to the SVAMC property. The applicant indicates plans to enter into a Lease to Purchase agreement with the prospect, which staff points out will need to final approval from the Commission leadership per the Claw Back provision of the older grant agreements and the Sale or Encumbrance; Security Interest section of the current standard grant agreement.

Committee recommends award of \$1 million contingent on the prospect selecting Halifax County.

HENRY

Henry County

Project Mercury (#3033)

\$216,573 Requested

Project Description Provided by Applicant:

Executive Summary: Commission funds are requested for water line and sewer extensions in the Patriot Centre at Beaver Creek to assist in the development of Project Mercury.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? Yes

Project Service Area: Martinsville city

How will the localities in your project service area directly benefit from the proposed project?

Direct benefits will be provided in the form of new jobs that will be brought into the communities.

Economic Development Strategic Priority - Expansion of the Patriot Centre has been a strategic priority for Henry County since initial development in 1999. Water and sewer extensions are imperative to accomplish future development within the Patriot Centre and critical for development of Project Mercury.

Problem, Opportunity or Need - The development of Project Mercury requires water sewer utility extensions within the undeveloped portion of the Patriot Centre.

Proposed Solution - The proposed project will extend water and sewer utilities to the Project Mercury site and allow for future extensions within the Patriot Centre.

Potential Economic Impact - Without water and sewer extensions to Project Mercury, Henry County risks the possibility of losing the project to another region. This would be a negative economic

impact to the County.

To what extent has debt financing been considered for and committed to this project? None
Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? N/A

Staff Comments: The full balance available in the Henry County allocation is requested to support 60% of the \$361,000 estimated costs for construction of water and sewer lines to meet the needs of an active prospect. Grant funds would be used to construct 2,345 linear feet of 12" water line and 2,714 linear feet of 8" sewer line to serve Lots 12A & 12B in the Patriot Centre Industrial Park identified for Project Mercury (current outcome projections are for the creation of 500 new jobs and \$60 million private capital investment). The water and sewer lines are also sized to serve two additional lots adjacent/near the lots identified for the current prospect. The Henry County PSA indicated that new revenues resulting from the prospect were "fairly minimal" and provided further details estimating 153,000 gallons/month usage would result in an approximately \$27,048 increased revenues annually. The total incentive package for Project Mercury is still being tabulated but based on initial capital investment and job creation results in approximately a \$2.75 million TROF and \$1.37 million GOF, which the County did not know the specifics on how these funds would be used but expected it would go toward site development, equipment purchases, etc. Based on the design of these water/sewer lines to serve future prospective tenants to the Patriot Centre Industrial Park, the essential need for this infrastructure to accommodate the active prospect, and only modest new revenue projections with 40% matching funds provided, Staff supported this request.

Committee recommends award of \$216,573.

LUNENBURG

County of Lunenburg

Acquisition and Development New Industrial Park (#3035)

\$555,000 Requested

Project Description Provided by Applicant:

Executive Summary: A parcel of land (20.95 acres) located on a Primary Development Corridor will be auctioned in the next few months. This property currently has a large building (portions built before 1950) that has been unoccupied since October 2008. Its continuing deterioration has made it an eyesore to the community. The County Board of Supervisors envisions the potential of this property as a commercial/small manufacturing or possibly mixed use business center. With this grant, the County will purchase the property, demolish most or all of the building and grade the site.

Have you received prior commission funding for this project? No

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? Yes

Project Service Area: Charlotte; Mecklenburg; Nottoway; Prince Edward

How will the localities in your project service area directly benefit from the proposed project?
Potential jobs created

Economic Development Strategic Priority - The property is one of the few properties in the County that is served by public water and sewer and located on a major road corridor. The building was stripped of its electrical and mechanical systems by “copper” thieves and now stands as a liability that would require extensive investment to be brought up to any usable standard. The County wants to ensure that this property, with its visibility on a main corridor, eventually is owned and developed by a company capable of creating jobs and a business that would be an asset to the community.

Problem, Opportunity or Need - The problem with this property is that it is deteriorating rapidly and because of the investment required to demolish the building or bring it up to code, there is great concern on what financial backing a new owner may have. The County does not need a continuing eyesore to be created by lack of action. The opportunity is that with the auction, the County can acquire the property for a relatively low cost, prepare it for future use and market it for economic development. The County currently owns only industrial properties; we need ones that could be mixed-use or commercial in nature.

Proposed Solution - With the purchase of the building at auction, the County would market the property “as is” for a short time. During this period, assessments of demolition costs versus use of the building, road development, mixed-use possibilities and other research would take place. The results of that research would lead to salvage and/or demolition projects to be bid and how the property should be parceled. We would work with VDOT to resurface/ replace the road through the property and work with the two towns to identify possible business/manufacturing types to be considered for the business development

Potential Economic Impact - The first step of economic impact would be to make the property sellable; at this point, with no active owner, there is no marketing of the property. With the liabilities removed, although at a cost, the resulting parcels will be prime property due to location and visibility. Getting the property back on the tax rolls through private ownership is a primary goal for the County. Secondly and as important, any new businesses would hopefully create jobs and invest more dollars in real property improvements and equipment. Returning this property to the center of activity that it once was is vital

To what extent has debt financing been considered for and committed to this project?

Reserve funds from County for the match. Possible purchase of the property without additional funding, if this grant is not awarded.

Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? With all due respect, we do not know whether there will be additional requests. Generally, smaller businesses probably would not qualify for Tobacco Commission funding. If a larger business would qualify for TROF funding, the County might possibly return to the Commission for that type of funds.

Staff Comments: The \$555,000 funding request to the Commission plus \$65,000 in matching funds from the County is allocated to support \$100,000 for property acquisition, \$20,000 contractual services, and \$500,000 for property and improvements. Distribution of cost estimates for the improvements include \$300,000 for demolition of the existing ~ 43,000 square foot building, \$40,000 for backfill of an existing basement, \$50,000 grading, \$10,000 for erosion and sediment control and seeding, and \$100,000 towards resurfacing and repair of the existing road. While the 2012 tax assessed value of the property was listed at \$929,000, the application included a detailed professional appraisal from February 2013 with a fair market value of \$75,000 to \$95,000. As noted in the application the property is expected to be auctioned for collection of delinquent taxes and the county had verified its intentions to offer no more than \$100,000 toward the acquisition. At this point in time, the County has not yet determined its plan for the best use of the property (the application indicates initially trying to sell the property with the building versus immediate demolition; and the possible uses to include commercial, small manufacturing or mixed use business center). TICR Staff suggests initially assisting

the County with acquisition funds, with the balance of requested funds to be used only for an end use that aligns with Commission program objectives (e.g. manufacturing, workforce training, healthcare etc, but not retail/commercial, housing etc.). It is further suggested that the County consider marketing the existing structure for some period of time (perhaps 180 days) for a potential historic tax credit project (for example, the former Highland Park School in Richmond, which is in a similar state of decay, will be renovated for senior housing, using historic credits). Depending on the end use, TICR other If the final use does not align with Commission objectives, the balance of funds budgeted for site redevelopment should be deobligated and returned to the Lunenburg allocation.

Committee recommends award of \$555,000 for initial property acquisition and site assessment, with the balance of site redevelopment and contractual services awarded contingent on an end use that aligns with the Commission Strategic Plan and program objectives.

County of Lunenburg

Lunenburg Site Readiness II-Site Development (#3036)

\$441,000 Requested

Project Description Provided by Applicant:

Executive Summary: The Lunenburg-Victoria Industrial Park has no developed sites. Recently, two different companies have expressed interest in the site, but backed away because of the lack of a developed site. Both companies were interested in the same size of building and a similar number of employees. With the wetlands delineated, and the topography maps complete from a previous grant, we have the tools to proceed to the next step-site development. This preparation would be similar to the "Ready Site" program and would save months of time at the beginning of a project.

Have you received prior commission funding for this project? If so, please list the grant(s) below. Yes: 2693

In addition, to the locality(ies) in which project funds will be spent, are there any other tobacco region localities that will directly benefit from the proposed project via partnership/revenue sharing, local residents served, etc.? Yes

Project Service Area: Brunswick; Charlotte; Lunenburg; Mecklenburg; Nottoway; Prince Edward
How will the localities in your project service area directly benefit from the proposed project?
Possible jobs created

Economic Development Strategic Priority - Having a graded, "ready site" would save start-up time for any project. Additionally, it would give Lunenburg a marketing edge and show a commitment to put a business in this park. The Lunenburg Commercentre in Kenbridge has received over the years many more visits and considerations in part because some of the land is clear and prospects can envision their building on the site. With the interest in Victoria growing because of their Tourism efforts, preparing the property for a prospect is a strategic decision toward successful creation of jobs and growth of the tax base for the County.

Problem, Opportunity or Need - The overall problem is that Lunenburg County needs more good jobs for its citizens. This project will address this problem because there is currently not a prepared site for the location of a new building of the size 20,000 to 30,000 sf. As two businesses did not continue consideration of Lunenburg as a location because the lead time necessary to start building, we feel that this basic infrastructure would enable Lunenburg to compete in this desirable market. The Victoria

Town Council is dedicated to growing their economy in all ways and feels that this is a timely project to entice smaller

Proposed Solution - With a "ready site" for a market interested in a 20,000 to 30,000 sf facility, we would expect that more interested prospects would visit and ultimately locate in Lunenburg County. The Businesses needing this size facility tend to create from 25 to 30 jobs, an ideal number for citizens of Lunenburg County and surrounding areas to fill. If we are not ready, they will not come. This preparedness shows that the County and Town of Victoria are serious and willing to invest in potential businesses that are interested in our community.

Potential Economic Impact - This project will place this industrial park on a higher tier of readiness; therefore, site consultants will more readily consider this location. This calling card will aid in the attraction of the types of business that have already looked at our community for a location. With more exposure, usually comes more success and ultimately the jobs and capital investment that our County and Towns so genuinely need.

To what extent has debt financing been considered for and committed to this project? We have not considered debt financing for this project. We anticipate the need for debt financing for building a facility, should the business need some help at that time.

Is a future request for additional funding from the Tobacco Commission anticipated for this program and/or facility? When a business that is considering this site would be eligible for the TROF funding, or would have enough long-term job creation and investment, the County may come back to the Commission for additional funding. It would depend upon the Business and their needs at the time.

Staff Comments: Grant funds are requested to support \$150,000 toward the estimated \$179,000 costs for site-work including stormwater management and grading on a 7 acre parcel to provide for a 3.5 – 4 acre pad area; and \$291,000 toward construction of a 1,200 linear feet access road to the property. The pad area is intended to accommodate a 20,000 to 30,000 square foot building, related parking and landscaping. The County clarified that cost estimates for site-work were based on discussions with two engineering firms that indicated a reasonable range of between \$40,000 and \$60,000 per acre. Estimated costs for construction of the access road at \$406.00 per linear foot were provided by VDOT staff. The County has expressed intentions to seek VDOT Access Road funding to support the ~ \$582,000 total estimated cost for the access road, if they have a business whose investment would qualify them for the grant, in which case the estimated funding needed from the Southside grant would only be one-half of costs in excess of \$500,000. Not knowing if they would be eligible for the Access Road funds, the \$291,000 proposed allocation of grant funds toward the access road was based on 50% of the ~ \$582,000 access road costs to be supported through the VDOT Revenue Sharing program. A previous \$103,500 grant (TICR #2593) from the Southside program was used to support engineering work including topographic studies and wetlands delineation for this Industrial Park. Engineering estimates of \$20,000 and \$29,000 for site work are committed in the grant application for meeting the 10% minimum matching fund requirement. The County has also represented to staff that there would be at least 1:1 match towards costs associated with construction of the access road.

Committee recommends award of \$441,000, contingent on no more than 50% of grant funds being used for costs related to the access road.